

MEETING
BEFORE THE
CALIFORNIA AIR RESOURCES BOARD

COPY

BOARD HEARING ROOM
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SACRAMENTO, CALIFORNIA

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9:25 A.M.

Nadine J. Parks
Shorthand Reporter

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1 MR. SCHEIBLE: To put it into perspective, we
2 found different fuels could vary as much as nine percent in
3 energy content. So, from one fill up to another, depending
4 on if you bought the fuel with the most energy and the next
5 time with the least energy of conventional gasoline, you
6 could see a nine percent change in fuel economy just because
7 of that.

8 And that's kind of masking the -- that may be a
9 large part of the individual vehicle effect as opposed to
10 different vehicles reacting differently to the fuel.

11 SUPERVISOR VAGIM: I see. Thank you.

12 CHAIRMAN DUNLAP: Okay. Very good. Any other
13 questions of staff?

14 Okay. Then I think we'll move on to the next
15 item. But before we do that, I must compliment Mr.
16 Venturini on his cufflinks. I've not quite seen any lapel
17 buttons used quite that way for "cleaner burning gasoline."
18 I hope that's not a new style trend among the staff. Okay.

19 Let's move on to the second agenda item, 95-13-2,
20 which is a public hearing to consider amendments to the
21 California cleaner burning gasoline regulations, including
22 amendments regarding downstream blending of oxygenates.

23 This agenda item is the consideration of several
24 proposed amendments to our cleaner burning gasoline
25 regulations. The most significant amendment would allow

1 unoxygenated gasoline to leave a refinery without meeting
2 the standards as long as oxygen would be added downstream of
3 the refinery so that the final product would meet all of the
4 standards.

5 The other proposed amendments are less complex and
6 represent fine-tuning of the rule. They relate to
7 flexibility of compliance and ease of enforcement. This
8 package of amendments will provide additional flexibility to
9 refiners without sacrificing any of the emission benefits of
10 this clean air program.

11 At this point, I'd like to ask Mr. Boyd to
12 introduce the item and begin the staff's presentations.

13 MR. BOYD: Thank you again, Mr. Chairman.

14 As indicated, today, we are proposing several
15 changes. The major proposed change would allow producers of
16 gasoline who will add oxygenates at downstream pipeline
17 terminals or at the bulk plants to take into account the
18 dilution that occurs when oxygenates are blended with the
19 gasoline.

20 As the regulation stands today, all gasoline
21 shipped from a refinery must meet our specifications, except
22 those pertaining to oxygen content, when the gasoline leaves
23 the refinery or let's say the site of importation of the
24 gasoline.

25 Thus, the producer who adds oxygenates at a

1 downstream location cannot take advantage of the dilution of
2 the benzene content, the aromatic content, the olefin
3 content, or the sulfur content. That occurs when the
4 oxygenate is finally added to the fuel stock.

5 The U.S. EPA now allows credit for this kind of
6 improvement, and we propose to do the same. While sounding
7 simple in content, the execution of this proposal is indeed
8 somewhat complex in order to ensure enforceability of the
9 regulations.

10 I also need to note that making this change will
11 not result in the loss of any of the anticipated emission
12 reductions attributed to cleaner burning gasoline.

13 Our other proposed modifications, as I indicated,
14 are less complex and deal with clarifications and
15 improvements, and to provide flexibility in compliance and
16 ease of enforcement. And they are, first, an extension at
17 the outset of the regulation of the time that a refiner
18 will have to offset high values of regulated properties in
19 its initial batches of gasoline made under the regulations.

20 Secondly, a provision to let a refiner who's using
21 alternative limits set with our predictive model to switch
22 between flat and averaging limits.

23 Thirdly, a change in the definition of the, quote,
24 "production facility," end quote, in recognition that some
25 refiners' operations are not all on one property; also, a

1 change in the winter oxygen season for San Luis Obispo, also
2 a clarification of the RVP season in Southern California, a
3 prohibition of mixing finished gasoline and gasoline that
4 lacks oxygen; and, finally, clarification of the calculation
5 of the amount of gasoline that a small refiner may produce
6 until 1998, without meeting all of our standards.

7 And with that summary, I'd now like to introduce
8 Mr. John Curtis, Manager of the Fuels Section of the
9 Stationary Source Division, to give you the staff's detailed
10 presentation.

11 Mr. Curtis.

12 MR. COURTIS: Thank you, Mr. Boyd.

13 Mr. Chairman and members of the Board, what I'm
14 going to present to you today is amendments for the
15 California reformulated gasoline regulations, and those
16 amendments include changes regarding the downstream blending
17 of oxygenates.

18 Over the past year, the ARB staff held a number of
19 meetings with gasoline producers, marketers, and others to
20 discuss implementation issues of California reformulated
21 gasoline regulations.

22 The proposal, as presented to you today, was
23 formed as a result of these discussions. It represents
24 improvements in flexibility of compliance without
25 sacrificing either the enforceability of the regulations or

1 the environmental benefits.

2 Next slide, please.

3 I would like to provide you with some background
4 information first. This table lists the eight
5 specifications for the California reformulated gasoline. It
6 shows both the flat and the average standards that would
7 apply when gasoline is shipped from the refinery.

8 This table also shows the cap limits that are
9 applied for all the distribution systems.

10 Next, please.

11 Companies are also allowed to comply with the
12 requirements of the California reformulated gasoline
13 regulations by the use of the predictive model. The
14 predictive model allows for alternative gasoline
15 formulations to be produced as long as those gasoline
16 formulations have less or equal emissions with the limits as
17 adopted by the Board.

18 We expect that the majority of gasoline producers
19 in California will make extensive use of the predictive
20 model in order to comply with the California RFG
21 regulations.

22 Next.

23 The proposed amendments presented to you today,
24 again, is a result of meetings that we had held during 1995
25 with oil company representatives and others. We also held

1 two public workshops to receive comments and discuss the
2 staff's proposals.

3 The latest workshop took place on November 30th of
4 1995, when we discussed the staff report. We believe that
5 you have in front of you copies of the suggested
6 modifications to the original proposal. Most of those
7 modifications have been suggested as the result of public
8 comments received at the November 30th workshop.

9 I would like to add, also, that copies of the
10 proposed modifications are available at the back of the
11 room.

12 Drafts of these modifications have been provided
13 to interested members of the public at the beginning of this
14 week. My presentation of the proposed amendments would
15 include both the original proposal and the proposed
16 modifications.

17 The most significant amendment is to add
18 provisions to the regulation for allowing downstream
19 oxygenate blending.

20 The other amendments, as Mr. Boyd talked about,
21 represent minor technical changes to the California RFG
22 regulations in order to assure a smooth implementation and
23 to improve flexibility.

24 And here in the next slides is a list of the
25 proposed changes.

1 Next, please.

2 The first amendment that I would like to talk
3 about is the amendment for downstream blending of
4 oxygenates. We call that with the acronym CARBOB, which is
5 an acronym for California reformulated gasoline blendstocks
6 for oxygenate blending.

7 These amendments are patented after the federal
8 U.S. EPA requirement, and the U.S. EPA called their program
9 RBOB.

10 These federal RBOB requirements are already in
11 place in the South Coast Air Basin. The CARBOB is needed to
12 provide some additional flexibility to refiners that use
13 ethanol as the oxygenate of choice. And, again, the
14 requirements of CARBOB are very similar to the federal
15 requirements for RBOB.

16 This schematic gives you an idea of how oxygenates
17 are blended into the various points of the production and
18 distribution system. There are two types of oxygenates
19 commonly used -- MTBE, which is an ether, and ethanol, which
20 is an alcohol.

21 Usually, MTBE is added at the refinery prior to
22 the product being shipped out of the refinery either through
23 the pipeline or with a tank truck.

24 Ethanol is mostly added downstream at the terminal
25 facility. The addition of oxygenates into the gasoline

1 would help producers of gasoline in meeting the California
2 RFG standards through a dilution effect. Because usually
3 oxygenate does not contain any components like aromatics and
4 others. In addition, oxygenates reduce the concentration of
5 these compounds in the gasoline.

6 Next, please.

7 Existing provisions of the regulations, as it
8 stands now, require compliance with the standards at the
9 production facility. Although it allows the downstream
10 blending of oxygenates, the product must comply with the
11 standards before it leaves the refinery. Refineries that
12 blend downstream of the refinery cannot take advantage of
13 the dilution effects of oxygenates therefore. That is
14 particularly important for refiners that plan to use ethanol
15 as the oxygenate of choice.

16 Next, please.

17 Our proposal would allow noncomplying gasoline to
18 be shipped if downstream blending with oxygenates would
19 result in a complying product. And, again, it is very
20 analogous to the U.S. EPA.

21 Next, please.

22 As I mentioned before, all the other amendments
23 are technical in nature, and I will cover them very briefly.

24 The first is a proposal to include changes that
25 would allow offsets up to 180 days at the start of the

1 program, which is March 1st of 1996, for companies that
2 choose the averaging provisions.

3 This is important for companies that plan to use
4 the averaging provisions of the regulation.

5 Next, please.

6 The next proposal is to incorporate some changes
7 that allow a smoother administration of the predictive
8 model. The proposed amendment makes it a lot easier for the
9 refiners to switch between the flat and the average limits
10 when they are changing the PM formulations.

11 Refiners could not do that before if there was an
12 outstanding debit for one of the gasoline properties.

13 The next amendment is on the definition of
14 production facility. Some refineries operate tanks that are
15 outside of the main facility. The proposed amendments would
16 allow producers to expand their production facility limits
17 that may allow producers to include offsite tanks in the
18 definition production facility, especially tanks that they
19 have leased and operated under the direction of the
20 producer.

21 The next amendments that are proposed are for the
22 small refiner provisions. If you recall, the California RFG
23 regulations provide small refiners with a two-year extension
24 of the compliance date for four out of the eight California
25 RFG properties.

1 That extension is subject to a number of
2 conditions for the gasoline that is supplied by the small
3 refiner. We propose today some minor clarifications to the
4 requirements for the gasoline that is supplied by the small
5 refiners.

6 The next amendment is a change in the wintertime
7 oxygenate seasons for San Luis Obispo. In 1992, the Board
8 amended the wintertime oxygenate regulations for San Luis
9 Obispo to align the control period with the period for the
10 areas that supply product to San Luis Obispo.

11 The regulation, California reformulated gasoline
12 regulations did not have that alignment. Our proposal is to
13 do the same thing for the California RFG oxygenate season.

14 Next, please.

15 The next amendment would affect the applicability
16 of RVP limit in the South Coast Air Basin. This is
17 basically to correct a drafting error for phasing in the RVP
18 season in the March through April period of 1996. The
19 proposed amendments will assure that the RVP limits would
20 apply to the refineries during startup period.

21 The last amendment and my least is proposed for
22 enforcement reasons. We propose some limits on the blending
23 of California gasoline with nonoxygenated blendstocks. This
24 amendment will help in preventing the addition of
25 noncomplying product into the California gasoline. It is

1 required that certain demonstrations are made by the
2 producers and the blenders.

3 The staff looked at the environmental impacts over
4 the proposed amendments and we believe that the proposed
5 amendments will not change the environmental benefits over
6 the California RFG regulations.

7 Looking at the economic impacts, the staff did not
8 identify any adverse economic impacts. We believe that the
9 proposed amendments will add significant flexibility to
10 refiners with potential cost savings, and recommend that the
11 Board approve the proposed changes.

12 That concludes my presentation. I would like to
13 add that Mr. Tom Jennings, Senior Staff Counsel, is at the
14 end of the table, and Mr. Jennings drafted most of the
15 regulatory language of the proposed changes.

16 We are ready to answer any questions. Thank you.

17 CHAIRMAN DUNLAP: Any of the Board members have
18 any questions?

19 Okay. Mr. Calhoun.

20 MR. CALHOUN: In one of the slides, there's a
21 statement, "For enforcement reasons, we propose limits on
22 the blending of California gasoline with nonoxygenated
23 blendstocks, unless certain demonstrations are made."

24 Would you care to elaborate on that a little?

25 MR. JENNINGS: Certainly, Mr. Calhoun. One of the

1 key principles of the regulation is that we have the more
2 stringent that apply at the refinery or import facility, and
3 then the less stringent cap limits that apply throughout the
4 distribution system.

5 What we want to do is make sure that every gallon
6 of gasoline that comes into the California distribution
7 system is made subject to the refinery limits at one point,
8 when it is converted from nongasoline to gasoline.

9 So, theoretically, the regulation has always said
10 that every person who produces gasoline has to meet those
11 refinery limits, but it was relatively difficult to
12 administer that in terms of a person who might be blending
13 blendstocks into reformulated gasoline some point downstream
14 of the refinery.

15 So, what we did is put in a provision that was
16 very closely patterned after a provision the EPA has that
17 prohibits adding nonoxygenate blendstocks into gasoline
18 unless the person can prove that those blendstocks
19 independently meet all of the California reformulated
20 gasoline requirements.

21 We're proposing two exceptions. One is a very
22 limited exception when transmix is used at a terminal, and
23 we'd allow that to be done in accordance with the protocol.
24 And also, we allow companies, with approval of the ARB, to
25 add blendstocks into off-spec gasoline to bring that

1 gasoline into spec. Sometimes you have blendstocks that
2 would meet most of the requirements by far, but might not
3 have oxygen in them or something like that.

4 But we want people to be able to bring that
5 gasoline into spec.

6 MR. CALHOUN: How will the staff know the
7 composition of the blendstock? Will the companies tell you
8 this, or what?

9 MR. JENNINGS: Well, what we tried to do -- and,
10 again, the more complex and, quote, "flexible," unquote,
11 regulation you have the harder it is to enforce. And it
12 always creates tension with us.

13 With the proposed language, we no longer -- the
14 advantage of the proposed language is that we no longer have
15 to prove that those blendstocks didn't meet the standard.
16 Rather, we've put the responsibility on the blender to
17 demonstrate that those meet the standards. And unless the
18 blender can do that, blending the blendstocks into the
19 downstream gasoline is prohibited.

20 MR. CALHOUN: Thank you.

21 CHAIRMAN DUNLAP: Okay. Any other questions of
22 staff before we get into calling the witnesses forward?

23 All right. We have three people that have signed
24 up to testify on this item. I'd like to have them come
25 forward.

1 Mike Kulakowski of Texaco, followed by Cindy
2 Hasenjager from the California Renewable Fuels Council, and
3 Robert Warden from Chevron, if you'd proceed in that order.

4 Good morning.

5 MR. KULAKOWSKI: Good morning, Mr. Chairman,
6 members of the Board. My name is Mike Kulakowski. I'm a
7 staff engineer with Texaco Refining & Marketing based on Los
8 Angeles.

9 I've been involved with these regulations since
10 before they were passed. I'm very familiar with it. I've
11 appeared before you before, and appreciate the opportunity
12 to be here today.

13 Texaco has participated cooperatively with the ARB
14 staff in the development of the changes before you today.
15 We believe that these changes will provide refiners with
16 greater flexibility in meeting the California RFG
17 requirements without any changes to the air quality benefits
18 of the regulation.

19 Texaco further believes that these changes
20 represent an important step in the successful implementation
21 of the program, and we support the staff proposal.

22 However, there is one more set of issues that we
23 have to overcome before March of 1996. These are
24 collectively known as the "overlap" issues.

25 As you know, after March 1st, 1996, both EPA and

1 the ARB will regulate reformulated gasoline in California.
2 In the areas where these requirements do not precisely
3 overlap one another, simultaneous compliance can erode a
4 refiner's flexibility or result in needless and duplicative
5 reporting.

6 An example is in gasoline vapor pressure. ARB
7 sets a ceiling of 7.0 pounds per square inch, while EPA sets
8 a floor of 6.6 pounds per square inch. This is a very
9 narrow range which will significantly hamper refiners'
10 blending flexibility.

11 Over the last year and a half, we have met and
12 worked cooperatively with ARB and EPA staff to address these
13 overlap issues, but much work still remains. We have a
14 meeting scheduled January 12th, 1996, in Washington, D.C. to
15 address the remaining overlap issues with EPA.

16 Your staff has been very helpful and cooperative
17 in working on these issues, and we find that the presence of
18 your staff makes these meetings with EPA much more
19 productive.

20 So, Texaco requests that ARB staff versed in these
21 overlap issues attend this important meeting in Washington.

22 That concludes my written comments. I'll be happy
23 to answer any questions.

24 CHAIRMAN DUNLAP: Okay. Mr. Boyd, can you or your
25 RFG team say anything about this January 12th meeting in

1 Washington, D.C.? Have we been invited?

2 MR. BOYD: We're aware of the meeting. We think
3 it is advisable to be at the meeting and are preparing to
4 request appropriate approvals to so attend.

5 And we, as mentioned, we've been on top of this
6 item working with the industry in the past.

7 CHAIRMAN DUNLAP: Right. We'll do everything we
8 can to make clarity happen, and we -- I won't say we're in
9 complete lock step with everything you propose relative to
10 those issues, but certainly we share many of those concerns.

11 And, Mr. Boyd, I would, of course, entertain
12 appropriate travel requests to send able representatives
13 from the Board.

14 Thank you for suggesting it.

15 MS. EDGERTON: Mr. Kulakowski, I want to thank you
16 for your support and working with the Board, and I'd also
17 like to thank you for wearing the pin. I think that looks
18 real good -- cleaner burning gasoline.

19 CHAIRMAN DUNLAP: But no cufflinks.

20 MS. EDGERTON: We're all together. Well, some
21 people have to wear them as cufflinks and some of them as
22 pins. Thank you.

23 CHAIRMAN DUNLAP: Thank you.

24 SUPERVISOR SILVA: Mr. Chairman.

25 CHAIRMAN DUNLAP: Yes, Mr. Silva.

1 SUPERVISOR SILVA: Yes, Mr. Kulakowski. Real
2 quick. When a refinery -- from the time the gasoline leaves
3 the refinery production until it actually hits the service
4 station pumps, how long does that take?

5 MR. KULAKOWSKI: Typically, it takes approximately
6 six weeks.

7 In the past, it has taken about six weeks to get--
8 when we make a change in vapor pressure to get from a
9 refinery all the way through to retail. There you're
10 dealing with a single parameter and you have quite a bit of
11 leverage. You can -- back to when we were blending to 7.8
12 or 9 pounds per square inch, you could go quite a bit lower,
13 and we have a lot of leverage to turn the tanks over.

14 With cleaner burning gasoline, many of the
15 parameters are set so low that you can't get a lot of
16 leverage. You can't go much below the specifications. So,
17 I think a slightly longer leadtime, as staff has proposed,
18 the March through June, in essence, is appropriate.

19 SUPERVISOR SILVA: Okay. Thank you very much.

20 CHAIRMAN DUNLAP: Okay. Thank you.

21 MR. KULAKOWSKI: Thank you.

22 CHAIRMAN DUNLAP: Ms. Hasenjager from the
23 California Renewable Fuels Council.

24 It seems we have your comments in writing.

25 MS. HASENJAGER: Yes, you do.

1 CHAIRMAN DUNLAP: Okay. You're welcome to cover
2 them verbatim. I don't think you need to. You could
3 highlight them if you like, and I think we can follow along.

4 MS. HASENJAGER: Right. I'll try to just
5 highlight them.

6 Good morning, Chairman Dunlap and Board members.
7 My name is Cindy Hasenjager, and I'm the Executive Director
8 of the California Renewable Fuels Council.

9 The Council supports the efforts of the Air Board
10 in developing regulation to allow for downstream blending of
11 oxygenates. It's obvious that staff has put a great deal of
12 time and effort into these amendments which move toward
13 compliance flexibility and fuel neutrality.

14 Staff has been very diligent in getting industry
15 input on the development of these amendments to ensure that
16 they are workable, while maintaining the overall integrity.

17 However, like Mr. Kulakowski, I'd like to raise an
18 issue that has yet to be resolved, and that's the --
19 currently, there is an RVP allowance for ethanol blended
20 gasoline during the month of October. The amendments that
21 you have before you do not carry that RVP allowance forward.

22 I recognize that it is a commitment of this agency
23 to provide policy that is oxygenate neutral. I would
24 suggest that the next step towards total fuel neutrality,
25 which will have the least impact on all affected parties, is

1 to continue this October RVP allowance beyond 1995.

2 I also need to stress that this is a time-
3 sensitive issue and that it's important to get some
4 resolution to give clear direction to oxygenate blenders for
5 planning purposes for the 1996 carbon monoxide control
6 season.

7 Representatives of the ethanol industry have been
8 in discussion with ARB staff regarding this issue for some
9 time. Staff, however, is reluctant to propose extending the
10 existing RVP tolerance towards October because of their
11 concerns regarding ozone exceedances.

12 Now, up until very recently, tests of 10 percent
13 ethanol blends had not been conducted by this agency.
14 However, at this time, our industry, as well as other
15 agencies in this State, California Department of Food & Ag,
16 the California Energy Commission, the oil, automobile, rice,
17 and ethanol industry are working with ARB staff to develop a
18 test protocol to test 10 percent ethanol blends.

19 The objective of this test is to determine the
20 emissions impacts, including the ozone forming potential of
21 two fuels -- a 10 percent ethanol blend and an 11 percent
22 MTBE blended California cleaner burning gasoline.

23 Now, it's been our industry's long-standing
24 position that ethanol blended fuels should be evaluated and
25 judged on their ozone forming potential. The industry feels

1 that the proposed tests will demonstrate that 10 percent
2 ethanol blends provide the maximum carbon monoxide reduction
3 that's available without exacerbating ozone.

4 We would ask that this Board not set policy that
5 judges ethanol fuels before the results of this test are
6 complete.

7 CRC supports these amendments as part of the
8 larger objective to provide fuel neutrality.

9 Now, as I've suggested, the next step towards fuel
10 neutrality is to continue the existing October RVP
11 tolerance. The industry stands ready to continue our work
12 with staff to find the best way of doing this and resolving
13 this issue.

14 The Council would urge the Board to direct staff
15 to find an administrative remedy that will continue the
16 existing RVP allowance for gasoline blends of at least 4.9
17 percent ethanol during the month of October.

18 Thank you. Any questions?

19 CHAIRMAN DUNLAP: As you understand it, what
20 barrier is there to the October -- at this juncture -- to
21 the October issue?

22 Do you mean the study primarily, the assessment?

23 MS. HASENJAGER: Well, right now, the October RVP
24 tolerance is not continued with the oxygen cap during
25 October and there is an RVP waiver for 10 percent ethanol

1 blends October, also (sic). However, October falls within
2 the RVP control season and also the oxygen cap.

3 So, it is really the picture of the conflict
4 between the regulation and the legislation, which is SB
5 1166, that allows the RVP tolerance.

6 CHAIRMAN DUNLAP: Okay. Question, Mr. Calhoun?

7 MR. CALHOUN: Yes. I don't understand how you can
8 do this administratively. This is a regulation, is it not,
9 that requires the limitation on the RVP? So, how do you do
10 it administratively?

11 MR. KENNY: Mr. Calhoun, that's correct. Right
12 now, the reformulated gasoline regulation does have
13 limitations on October. And what Ms. Hasenjager is asking
14 for is a modification to that regulation and to the
15 standards of that regulation to allow for use of ethanol in
16 October.

17 MR. CALHOUN: I thought I heard Ms. Hasenjager say
18 find some administrative remedy for that.

19 MS. HASENJAGER: If I could interject, by
20 "administrative remedies," I mean whatever it would take to
21 change the regulation or whatever staff advises us is the
22 best way to proceed.

23 CHAIRMAN DUNLAP: Okay. Thank you.

24 MS. HASENJAGER: Thank you.

25 CHAIRMAN DUNLAP: Any other questions of the

1 witness? Okay. Thank you, Cindy.

2 Our final witness, Bob Warden from Chevron.

3 Good morning.

4 MR. WARDEN: Good morning, Mr. Chairman, members
5 of the Board. My name is Bob Warden from Chevron USA
6 Products Company.

7 Today, I'm speaking in behalf of the Don Bea,
8 who's the Chevron Products' Issue Manager for California
9 reformulated gasoline.

10 The changes being considered by the Board today
11 will provide compliance flexibility to the producers of this
12 cleaner burning gasoline. In addition, the proposed changes
13 will allow gasoline producers to blend oxygenates downstream
14 of their refineries.

15 We have worked closely with CARB staff in the
16 development of these proposed changes. Staff has seriously
17 evaluated our comments and incorporated many of them in
18 their suggested modifications to the original proposals.

19 We now completely support these amendments to
20 California RFG regulations as modified by the staff today --
21 proposed today.

22 I will be pleased to answer any questions.

23 CHAIRMAN DUNLAP: Any questions of the witness?
24 Very good. Thank you for your time.

25 All right. That appears to conclude the public

1 testimony. Is there anyone we've missed? All right.

2 With that, I'd ask staff to summarize any written
3 comments that we've received. If my package is correct, we
4 have about two letters; is that right?

5 MR. JENNINGS: I think we only have one written
6 comment from someone who -- oh, we have two written
7 comments. One is from Ultramar. Ultramar supports the
8 proposal with the staff modifications.

9 They, in particular, want to emphasize their
10 support of the change to the definition of production
11 facility.

12 We have a comment from a gentleman named Richard
13 Sealy. He had two points. One was that he believes that
14 the oxygen content requirement should apply year-round in
15 California. As you know, outside the wintertime oxygenate
16 control period, refiners are allowed to use the predictive
17 model to go below 1.8 weight percent oxygen.

18 We believe that during that period, the oxygen
19 content controls aren't necessary as long as the refiner can
20 demonstrate that they satisfy all of the criteria under the
21 predictive model.

22 I might note that the federal reformulated
23 gasoline regulations, which by June will be applying in most
24 of the State, have a 2 percent floor. So, in a sense, Mr.
25 Sealy's request is granted by that.

1 His second point was that he wanted to make sure
2 that we had mechanisms to make sure that oxygenate was added
3 downstream. And we have made every effort to have
4 mechanisms like that, including a provision that producers
5 of CARBOB conduct a quality assurance program to make sure
6 that the oxygenate is being added as they designate it.

7 CHAIRMAN DUNLAP: Very good. Thank you. Is that
8 it?

9 MR. JENNINGS: Yes.

10 CHAIRMAN DUNLAP: Mr. Boyd, do you have anything
11 else to add?

12 MR. BOYD: Just a concluding remark. Again, to
13 reiterate some of what I believe I and the staff said, the
14 proposals that we have made to you we think will provide
15 greater flexibility to refiners as they continue to prepare
16 to bring us cleaner burning gasoline next year.

17 We think, in providing this flexibility, as I said
18 again, we will not compromise the benefits of cleaner
19 burning gasoline with regard to its effectiveness and, thus,
20 the emissions reductions. Therefore, we recommend your
21 adoption of the staff proposal.

22 CHAIRMAN DUNLAP: Very good. Thank you.

23 Okay. I will now close the record on this agenda
24 item; however, the record will be reopened when the 15-day
25 notice of public availability is issued. Written or oral

1 comments received after this hearing date, but before the
2 15-day notice is issued will not be accepted as part of the
3 official record on this agenda item.

4 When the record is reopened for a 15-day comment
5 period, the public may submit written comments on the
6 proposed changes, which will be considered and responded to
7 in the final statement of reasons for the regulation.

8 Just a reminder to the Board members of our policy
9 concerning ex parte communication. Again, while we may
10 communicate off the record with outside persons regarding
11 Board rulemaking, we must disclose the names of our contacts
12 and the nature of the contents on the record.

13 And this requirement applies specifically to
14 communications which take place after notice of the Board
15 hearing has been published.

16 Are there any communications which need to be
17 disclosed? Okay.

18 With that, we have before a resolution that we've
19 had for a couple minutes.

20 Why don't we take a moment and review it, and then
21 we'll come back and see if we can take some action here.

22 The Chair would entertain a motion and a second to
23 move this item.

24 SUPERVISOR VAGIM: Mr. Chairman, I move for
25 adoption of Resolution 95-48.

1 CHAIRMAN DUNLAP: Thank you, Supervisor Vagim. Is
2 there a second?

3 SUPERVISOR SILVA: Second.

4 CHAIRMAN DUNLAP: Supervisor Silva, thank you.

5 I have a motion and a second. Is there any
6 further discussion by members of the Board?

7 DR. BOSTON: Mr. Chairman?

8 CHAIRMAN DUNLAP: Yes, Dr. Boston.

9 DR. BOSTON: I wasn't here for part of the
10 presentation, but I have read the proposals. Is it
11 permissible for me to vote on this issue?

12 CHAIRMAN DUNLAP: Yes, it is.

13 DR. BOSTON: Thank you.

14 CHAIRMAN DUNLAP: And welcome, by the way. We've
15 missed you.

16 DR. BOSTON: Thank you.

17 CHAIRMAN DUNLAP: Okay. With that, we have a
18 motion and a second. Will the Board Secretary please call
19 the roll for a vote on Resolution 95-48.

20 MS. HUTCHENS: Boston?

21 DR. BOSTON: Yes.

22 MS. HUTCHENS: Calhoun?

23 MR. CALHOUN: Aye.

24 MS. HUTCHENS: Edgerton?

25 MS. EDGERTON: Aye.

1 MS. HUTCHENS: Hilligoss?

2 MAYOR HILLIGOSS: Aye.

3 MS. HUTCHENS: Lagarias?

4 MR. LAGARIAS: Aye.

5 MS. HUTCHENS: Silva?

6 SUPERVISOR SILVA: Aye.

7 MS. HUTCHENS: Vagim?

8 SUPERVISOR VAGIM: Aye.

9 MS. HUTCHENS: Chairman Dunlap.

10 CHAIRMAN DUNLAP: Aye.

11 MS. HUTCHENS: Passes 8-0.

12 CHAIRMAN DUNLAP: Very well. Thank you. I'd like
13 to compliment the staff on a fine presentation. Mr.
14 Curtis, Mr. Jennings, Mr. Venturini, Mr. Simeroth, well
15 done. Thank you.

16 Okay. That brings us to the third agenda item.
17 And if staff will change places quietly, I'll continue right
18 along.

19 Again, I'd like to remind those who may have just
20 joined us in the audience that if you wish to present
21 testimony to the Board, please sign up with the Board
22 Secretary sitting to my left.

23 And if you have written statements, please provide
24 her with 20 copies so that they be distributed at the
25 meeting.